

Message Text

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42

ACTION EUR-12

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 7491

AMEMBASSY WARSAW IMMEDIATE

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L BRUSSELS 07225

E.O. 11652: GDS

TAGS: EFIN, PL

SUBJECT: DANZIG GOLD

REF: BRUSSELS 6870, WARSAW 5091

1. POLISH EMBASSY IN WARSAW CALLED LATE LAST NIGHT TO INFORM US TRIPARTITE GOLD COMMISSIONER THAT POLISH ATTEMPT TO OBTAIN DELIVERY OF GOLD FROM FEDERAL RESERVE BANK OF NEW YORK HAD FAILED. ACCORDING TO INFORMATION RECEIVED FROM WARSAW, INABILITY TO OBTAIN DELIVERY OF GOLD WAS BASED ON FACT THAT FEDERAL RESERVE BANK OF NEW YORK HAD NOT YET RECEIVED DUPLICATE OF LETTER SENT BY COLONEL WATSON BY EXPRESS MAIL (AIR MAIL) ON JULY 13 AUTHORIZING DELIVERY OF GOLD BY THE TRIPARTITE GOLD COMMISSION IN BRUSSELS. POLISH EMBASSY URGED US COMMISSIONER TO CALL THE FEDERAL RESERVE BANK OF NEW YORK THE NEXT MORNING TO INFORM THEM THAT DELIVERY ORDER HAD BEEN SIGNED BY THE TRIPARTITE GOLD COMMISSION AND WAS THEREFORE VALID FOR TRANSFER OF GOLD TO THE AUTHORIZED POLISH GOVERNMENT REPRESENTATIVE.

2. EMBASSY INFORMED POLISH EMBASSY OFFICIAL THAT WE WOULD CALL THE DEPARTMENT OF STATE THE FOLLOWING MORNING AND ASK THE DEPARTMENT TO CALL THE FEDERAL RESERVE BANK OF NEW YORK TO DETERMINE WHERE THE DIFFICULTY WAS IN OBTAINING TRANSFER
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OF GOLD AS AUTHORIZED. POLISH EMBASSY CONCURRED IN THIS

APPROACH AND SAID IT WOULD TRANSMIT THIS TO WARSAW.

3. EMBASSY HAS BEEN IN TOUCH WITH COLONEL WATSON THIS MORNING AND WAS TOLD THAT HE HAD RECEIVED SIMILAR CALL FROM THE POLISH EMBASSY LAST NIGHT, BASED ON THEIR INSTRUCTIONS FROM WARSAW. WATSON TOLD POLES THAT DELIVERY OF GOLD BY THE BANKS DOES NOT DEPEND ON RECEIPT OF DUPLICATE OF LETTER AUTHORIZING DELIVERY WHICH WAS MAILED BY COLONEL WATSON.

ACCORDING TO COLONEL WATSON, PRESENTATION OF DELIVERY ORDER BY AUTHORIZED POLISH GOVERNMENT REPRESENTATIVE IS SUFFICIENT BASIS ON WHICH THE BANKS TRANSFER GOLD. SINCE POLES CLAIM TO HAVE PRESENTED VALID DELIVERY ORDER TO THE FEDERAL RESERVE BANK IN NEW YORK, THERE SHOULD BE NO FURTHER DOCUMENTATION NECESSARY TO TRANSFER THE GOLD. ACCORDING TO WATSON, THE ONLY PURPOSE SERVED BY THE RECEIPT OF THE DUPLICATE OF THE DELIVERY ORDER WHICH HE HAD TRANSMITTED, IS NOTICE TO THE BANK TO GET THE GOLD TOGETHER FOR DELIVERY. WATSON SAYS THE GOLD CAN BE READY ON VERY SHORT NOTICE AND SHOULD NOT REQUIRE ANY DELAY FOLLOWING PRESENTATION OF VALID DELIVERY ORDER.

4. WATSON CLAIMS THAT POLES ARE "GETTING INTO A PANIC" FOR REASONS UNKNOWN TO HIM AND IS IRRITATED BY POLISH BEHAVIOR ON THIS ISSUE. HIS ONLY EXPLANATION FOR THE PROBLEM WHICH HAS ARISEN WHICH MIGHT INVOLVE RESPONSIBILITY OF THE FEDERAL RESERVE BANK OF NEW YORK IS THE POSSIBILITY THAT THERE IS NO ONE AROUND DURING THIS VACATION PERIOD WHO IS KNOWLEDGEABLE ABOUT THE MECHANICS OF THE DELIVERY OF THE GOLD. WATSON SAYS THE LAST DELIVERY WAS MADE IN 1972-73 TO THE NETHERLANDS AND THAT THERE MAY NO LONGER BE A KNOWLEDGEABLE OFFICIAL AROUND IN THE BANK WHO CAN HANDLE THE TRANSFER. THE OTHER POSSIBILITY RAISED BY WATSON WAS THAT THE POLES, WHO HAVE BEEN VERY NERVOUS ABOUT THE WHOLE TRANSACTION, MIGHT HAVE GONE TO THE FEDERAL RESERVE BANK IN WASHINGTON AND NOT TO THE FEDERAL RESERVE BANK IN NEW YORK.

5. ACCORDING TO WATSON, THE BANK OF ENGLAND HAS RECEIVED THE DUPLICATE OF THE DELIVERY ORDER, SINCE HE HAD AN ACKNOWLEDGEMENT FROM THAT BANK ON THE RECEIPT OF HIS LETTER. HE DOES NOT KNOW, HOWEVER, WHETHER PAYMENT HAD BEEN MADE BY CONFIDENTIAL

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THE BANK OF ENGLAND.

6. IN VIEW OF URGENCY WITH WHICH POLISH GOVERNMENT VIEWS THIS ISSUE, WE WOULD APPRECIATE A PROMPT CHECK BY THE STATE DEPARTMENT WITH THE FEDERAL RESERVE BANK OF NEW YORK TO ATTEMPT TO STRAIGHTEN OUT THIS MATTER AS SOON AS POSSIBLE, AND A REPLY TO EMBASSIES BRUSSELS AND WARSAW ON WHERE THIS STANDS. FIRESTONE

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